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'rading in Wheat

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TRADING IN WHEAT

BY

ARTHUR PRILL

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25,000 Sacks of Wheat Awaiting Shipment
on Nor. Pacific Railroad

CHAPTER I

Wheat Classification—Wheat Grading—Fundamentals of One of the Most Interesting Businesses of the World.

EVERY year Mankind plays a big game with Nature—the stake is the wheat crop.

Look at those sacks pictured at the top of this page. You buy five bushels of each crop as bread—to live; but your Profit in Wheat depends on the brains you put into the business. The factors which control grain prices are easy to understand and to follow; when you begin to study them they will prove far more interesting than anything else you ever took up, for they are the very life of the world.

Wheat Classification

Winter wheat is sown in the Southern belt during September and October; its harvest begins in Texas as early as the latter part of May.

Spring wheat is sown in April; harvest begins in the Dakotas about August.

Market quotations are usually made in *May, July, September,* and *December* wheat, because these are the months in which most of this cereal is actually delivered. Cash purchases are made

with equal facility on every day of the year, but for trading in futures the four-month delivery system is more convenient. It is, as a rule, also cheaper for a trader to sell a current delivery and repurchase a future than to hold grain during the interim and pay charges thereon; that is, if you hold 10,000 bushels May wheat about May 3, and desire to stay in the market for six months or more, it will be more profitable to sell your May holdings and buy December wheat. Brokerage commissions and price difference will be, perhaps, 6 cents a bushel, whereas storage charges and insurance would be 10 cents. Of course, these figures are subject to constant change, and may on rare occasions even be reversed.

At the beginning of the year, active business in futures is for the May and July deliveries. About April some traders take up September wheat; and about June 1, December wheat receives attention. When May has passed, only July, September, and December deliveries are in favor, and at the same time deliveries for the following May are again taken up. This starts a new annual cycle.

For whatever month you buy wheat, the first day of that month is the day on which you must be ready to accept delivery of your purchase,

although it may not be offered until the last day of the month. If you do not desire to receive the actual wheat (in the form of a warehouse receipt) you sell an equal amount in the pit—a transaction which you may also have made long before the arrival of the delivery month.

In every trade the day on which delivery is made (within limits of the delivery month) is optional with the seller; so is the grade of the wheat within the limits of grading established by the exchange through which you deal.

A trader's *Market Position* is his decision to hold wheat for an upturn of prices, or to sell it for a drop, intending in the latter eventually to buy back the amount sold, more cheaply and therefore at a profit. Should the trader wish to maintain his Market Position after the delivery date of his commitment arrives, because he believes that the trend of prices will continue and yield a bigger profit later, he can stay in the market by buying or selling an amount equal to his previous trade, but for a future month.

To "get out of the market," by selling all holdings or filling all contracts, is possible at any time.

On the market page of your newspaper various kinds of wheat are from time to time spoken of:

Hard and *Soft Wheat* is a classification in accordance with the firmness and structure of the

Spring and Winter Wheat Belts of the United States.

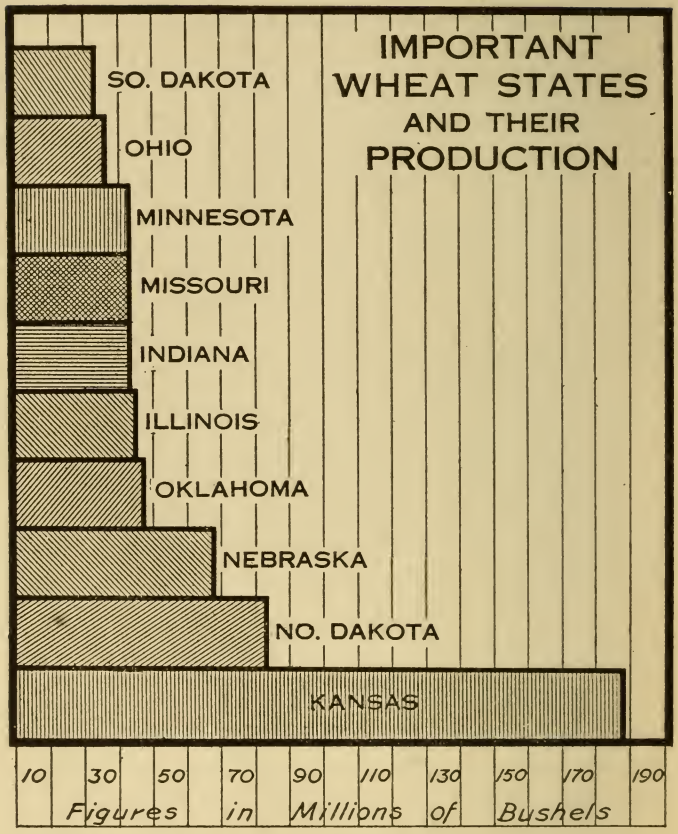
kernel. *Bread* and *Maccaroni Wheat* are named for their ultimate purpose, *Durum* being a maccaroni variety grown principally in a belt running north and south from the Dakotas through Nebraska to Western Kansas, Oklahoma and Texas. *Red* and *White* are classifications obviously based on color. *Turkey* is a tough kind of hard winter wheat. *Barletta,* a red variety raised in Argentina, where wheat is sown June 1 to August 20. About 85 per cent. of this crop is cut in December.

Each variety yields most plentifully under special conditions of soil and climate. In the United States the soft wheat district extends along the north Atlantic coast from Maine to the Virginias; a semi-hard type is grown in the region south of the Great Lakes; Kansas and the Dakotas are famous for their hard winter and spring crops respectively.

Wheat Grading

Commercial grading of wheat is accomplished by the inspection of shipments as they arrive at central markets and by so mixing the different grains as to obtain definite standards. For these, soundness, plumpness, weight per bushel, and freedom from smut or foreign matter is fixed within distinct limits.

Such organizations as the Chicago Board of


IMPORTANT
WHEAT STATES
AND THEIR
PRODUCTION
SO. DAKOTA
OHIO
MINNESOTA
MISSOURI
INDIANA
ILLINOIS
OKLAHOMA
NEBRASKA
NO. DAKOTA
KANSAS
10 30 50 70 90 110 130 150 170 190
Figures in Millions of Bushels

Trade have established what are known as *Contract Grades,* which form a standard quality to which all grain sold on that market must conform.

The various grades of wheat deliverable on contracts in the Chicago market are:

(From the CHICAGO GRAIN INSPECTION RULES)

On contracts for wheat for future delivery, the tender of higher grade than the one contracted for shall be deemed sufficient. All contracts made for wheat hereafter, unless otherwise specified, shall be understood as for "contract" wheat, and on such contracts a tender of No. 1 Red Winter Wheat, No. 2 Red Winter Wheat, No. 1 Northern Spring Wheat, No. 1 Hard Winter Wheat, No. 2 Hard Winter Wheat and No. 1 Velvet Chaff Wheat, in such proportions as may be convenient to the seller, subject, however, to the provisions of Section 5 Rule XXI, shall be deemed a valid tender. A variation, however, of one per cent in the quantity of grain delivered, and that contracted for, shall not vitiate a tender of delivery. Any excess or deficit within the above limits shall be settled for at the current market upon the day of delivery.

Inspection Rules of the Illinois Warehouse Commission for the Contract Grades are as follows:

No. 1 Red Winter Wheat shall be pure soft Red Winter Wheat of either or both light and dark colors, sound, sweet, plump, and well cleaned, and weigh not less than 60 lbs. to the measured bushel.

No. 2 Red Winter Wheat shall be soft Red Winter Wheat of either or both light and dark colors, sound, sweet and clean, shall not contain more than 5 per

cent of White Winter Wheat and weigh not less than 58 lbs. to the measured bushel.

No. 1 Hard Winter Wheat shall include all varieties of pure Hard Winter Wheat, sound, plump, dry, sweet and well cleaned, and weigh not less than 61 lbs. to the measured bushel.

No. 2 Hard Winter Wheat shall include all varieties of Hard Winter Wheat of either or both light and dark colors, dry, sound, sweet and clean, and may contain not more than 25 per cent of soft Red Winter Wheat, and weigh not less than 59 lbs. to the measured bushel.

No. 1 Northern Spring Wheat must be Northern grown Spring Wheat, sound, clean and of good milling quality, and must contain not less than 50 per cent of the hard varieties of Spring Wheat, and weigh not less than 57½ lbs. to the measured bushel.

If ever we reach a stage of civilization in which similar inspection and grading of humans is established, that over-plumpness of head which leads to demagogic howls for the destruction of modern trade organizations will mark its owner for the smut-pile.

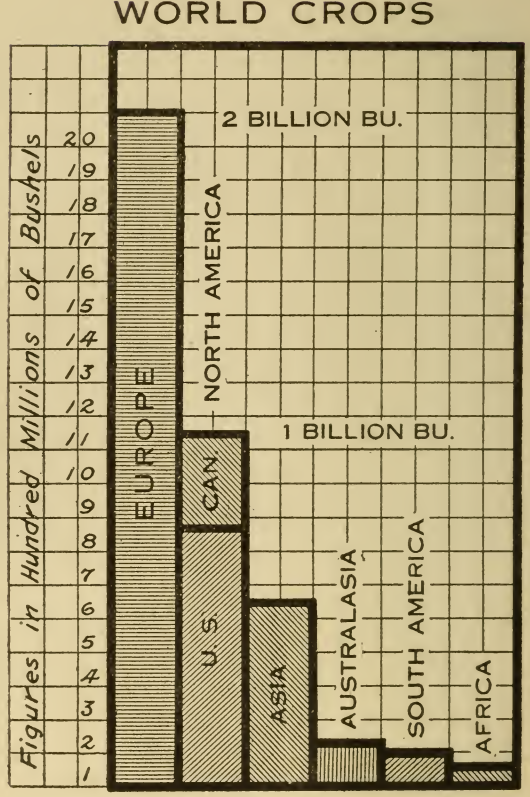
CHAPTER II

Importance of Government and Private Reports—Safe Trading Depends Upon Knowledge of Fundamental Factors.

AMERICA'S eminence as the world's food storehouse is largely due to the mechanical ingenuity with which our huge Red River Valley and California ranches are worked. In these districts up to 20,000 acres are farmed under single ownership and the field laborers from different parts of the "farm" never see one another. It may happen that human hands never touch the grain from the time that a mechanical seeder drills it into the ground till a thresher, self-feeding, with automatic tacker and weigher, completes the harvest at a rate of 3,000 bushels a day.

Through elevators and mills to a modern bakery, machinery again takes the golden kernels as they are floured, baked and wrapped in sealed packages. When they reach you, your stomach gets full advantage of the wheat business,—but have you educated your pocketbook to take advantage of this stupendous machine-to-mouth business?

In the Wheat Market poor men have


WORLD CROPS
Figures in Hundred Millions of Bushels
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
2 BILLION BU.
1 BILLION BU.
EUROPE
NORTH AMERICA
CAN.
U. S.
ASIA
AUSTRALASIA
SOUTH AMERICA
AFRICA

grown rich and rich men have grown poor. The difference was a matter Not of Luck but of Brains and Character.

Study Government and Private Reports

Each month the *United States Government* publishes a *Report* on Acreage, or amount of land sown on various crops, on the condition of the latter as they stand in the field, on yield or amount harvested, and on supplies—in hand, stored and in transport. The report for any particular month covers the factors most interesting at that time.

The *Acreage* sown to wheat in the United States has now passed the fifty-million acre mark and is divided into about 17,000,000 acres, or one-third sown to *Spring Wheat,* and 36,000,000 acres or two-thirds to *Winter Wheat.*

During the growth of the crop its probable value at the future delivery date is estimated in accordance with the weather, moisture and apparent health of the plant, hence the prices at which the unharvested grain is offered are called *Futures.* The foundation which all wheat prices strive to approximate is—cost of production on the farm, plus freight, insurance, and storage. The result of these factors is modified by the volume of the world's demand.

Wheat to be delivered in May, 1914, was in

June, 1913, estimated worth 97c. a bushel. By October, 1913, prospects were for a larger crop and the price receded to 87c.; when May arrived, unforeseen developments had so reduced the amount of available wheat that it brought as high as $1.00. Such changes of outlook are what makes successful trading in wheat a matter of information and judgment.

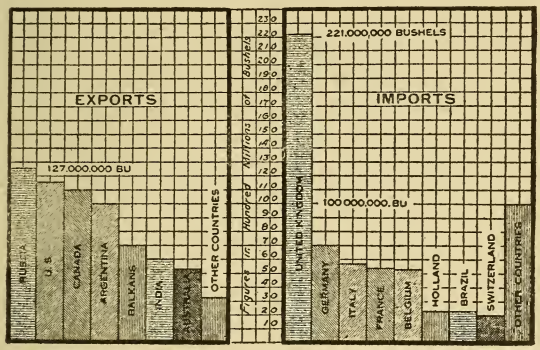
Satisfactory grain investment depends on your ability to obtain present facts and to gauge correctly their effect on the future. Buying and selling wheat intelligently can be based only on accurate knowledge of field and market conditions.

Safe trading is founded on an understanding of price factors and on the intelligent use of a first-class information service—one sufficiently reliable to guide even the inexperienced investor so as to avoid possible missteps. Such a service can be found.

Crop Dangers

The greatest danger to growing crops lies in a long dry spell followed by a few days of concentrated heat. This dries the milk out of the plant, "burns" it, and the crop's food values are severely damaged or even destroyed in the drought-stricken region. At the same time conditions may be favorable in other parts of the

World Shipments



country; another hemisphere may later in the season even raise a record crop, so that the initial upward tendency of prices is overcome and final reactions send quotations in the opposite direction. This is the spice of the world's wheat pudding; proof of your taste in news assimilation lies in active trading.

In winter a sustained mild temperature may prove detrimental to proper plant development. Frost appearing after the sprouts have obtained a good start or during the maturing weeks are certain to reduce the yield.

A late spring is not bad of itself but the grain is likely to be correspondingly late to ripen and if an early cold snap appears this will nip the unripe ears in the field.

Rarely does a single feature of crop news determine final result. Climatic conditions, which in themselves offer no serious threat, may favor other harmful developments. Among these are *Rust*—a fungous pest which in some regions causes an average annual loss of 10 per cent.; *Insects,* such as the Green Bug, Hessian Fly, Chinch Bug, and Locust, occasionally multiply so rapidly as to defy every attempt of the farmer to stop their progress through his fields. They may travel from Texas to Manitoba, leaving a train of withered stalks.

Hail is a form of damage to crops which often receives fat headlines in the newspapers, but its radius is usually restricted to an area extremely small as compared with the world's acreage in wheat. It may form the basis for a temporary change of trend in market prices, and in that case the early bird picks up the corn before it turns.

Heavy rains are breeders of scarecrows in La Salle Street, yet a few days of sunshine will in four crises out of five enable such wheat as has not been wholly forced into the ground to regain an upright position. Particularly if it be of a tough variety, the harvest even after very severe rainstorms is unlikely to be more than 15 per cent. short.

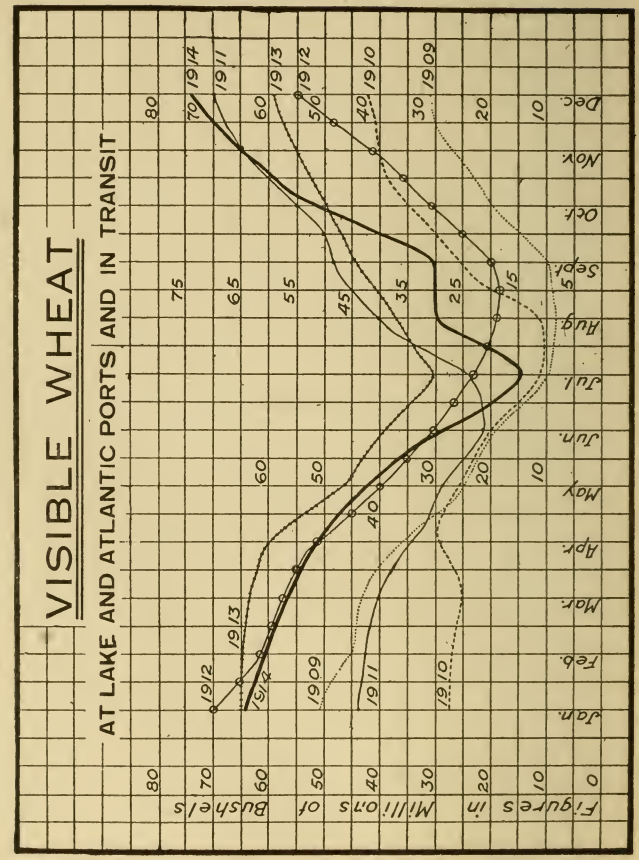
CHAPTER III

World Wheat Supplies Are a Potent Factor in the Determination of Price Levels

AMONG the most important figures on the grain page of your newspaper are those which report how much wheat is on hand in the United States and Canada. This is called America's *Visible Supply.* All wheat stored at shipping centers and afloat throughout both hemispheres is known as the *World's Visible.* Wheat remaining on the farm and in country elevators is considered the *Invisible Supply.*

If available stocks of any world commodity, as cereals, cotton, or copper, are plentiful and no special demand (such as might be founded on war needs) looms on the horizon, the trade argues that *Prices* will be low. On the other hand, when you note that this year's supply is less than which was visible at the same period of previous years, and demand appears likely to remain at least normal, buyers, in trying each to get what he wants out of a stock which won't suffice for all, will bid the price up.

Visible supply as well as crop conditions for the whole world is difficult to judge accurately


VISIBLE WHEAT
AT LAKE AND ATLANTIC PORTS AND IN TRANSIT
Figures in Millions of Bushels
Jan.
Feb.
Mar.
Apr.
May
Jun.
Jul.
Aug.
Sept.
Oct.
Nov.
Dec.
1912
1913
1908
1911
1910
1909
1914

because such countries as Russia and Argentina, although contributing important amounts to the world's grain supply, offer no complete official estimates or statistics. Private organizations can cover these huge fields only imperfectly, but their work is all that we have on which to base judgment.

The most widely known crop information bureau in Europe is that of George Broomhall, London; he issues a weekly international report on conditions, which is widely studied, and makes constant special reports to those who arrange for the information. His Russian service alone comprises 100 correspondents.

Nearly all of the large grain brokerage houses in Chicago and New York employ individual crop experts to study wheat and corn statistics. The difficulty encountered by such a method is that a single man's scope of action is too limited, no matter how able and energetic he may be. The only way in which the condition of America's millions of acres of wheat can be estimated is by means of a widespread system of fieldworkers.

Some of the larger commission houses in Chicago and New York are centers of private correspondence systems covering the United States so completely as to amount practically to newspaper services. One Chicago firm maintains 45 branch offices in 40 different cities; 42 of these

offices have each a private wire direct to the firm's central telegraph room in Chicago and receive all Broomhall reports a few seconds after they reach New York.

The volume of business passing through this firm's central office alone is hinted at by a daily average of 2,500 telegraph messages. During a busy session as many as 2,000 telephone messages have been handled in addition, while boys carried 400 written communications. Personal letters sent out during an average day number 300 and market letters run as high as 5,000 a day.

This is by no means the very largest firm of its class, but its manager says:

> "Every department of this office is at your command. My staff is large enough to give each person Time to serve you: they are the sort who GET you What You Want."

That is the type of broker a trader should choose.

CHAPTER IV

Government Reports—Receipts—Shipments—Consignments—A Speedy Market—The Tickers.

STATISTICS on *Acreage,* or amount of ground placed under wheat, are valuable early in the season. These figures show whether the next crop is likely to be larger or smaller than that of previous years. The average yield of wheat per acre can be calculated at 17¼ bushels. When a *Government Report* is issued that the crop condition is 90 per cent., this means that at the time of the estimate 90 per cent. of 17¼ bushels, or 15½ bushels, will be the yield per acre, according to available data.

Transporting the Grain Receipts—Shipments—Consignments

In general, it is the size of a farm which determines the method of marketing its product. Small farmers find it most convenient to sell to buyers located within hauling distance. These dealers make use of local or *Line Elevators* (also called *Country Elevators*), built along the railway lines. More extensive growers can avoid paying the small dealers' profit by sending their wheat to *Commission Men* at terminal centers.

The largest planters keep in constant and direct touch with the Board of Trade and with the ever-changing prices of the pit; at favorable moments such planters dispose of their crops in large quantities.

A single elevator, now under construction at South Chicago, Ill., will hold 10,000,000 bushels, and will be the largest in the world. Such capacity is limited only by acreage and amount of concrete-tank erection.

Nearly all United States spring wheat is shipped to "Minneapolis and Country" *Mills,* which designation practically covers the State of Minnesota. 25,000,000 bushels a year are milled in the Kansas City district; important mills are also located at Buffalo, N. Y., St. Louis, Mo., Indianapolis, Ind., and Clarksville, Tenn. The "Northwestern Miller," a grain trade journal published at Minneapolis, gives weekly figures of *flour milled* in its section of the country. Such statistics permit formation of a judgment as to the amount of grain being immediately used. When there is a world flour shortage, the large mills run to capacity, and their consumption becomes an important factor in the making of wheat prices.

Primary Points are traffic centers toward which flows the grain of practically all country shippers. These points are Chicago, Duluth, Minne-

apolis, Kansas City, St. Louis, Milwaukee, Detroit and Toledo. The aggregate of all grain reaching these centers is called *Primary Receipts.* The total volume of grain sent out from their tracks and ports is known under the term *Primary Shipments.*

Grain received at Duluth and Minneapolis constitutes *Northwestern Receipts.* It is on receipts at primary shipping centers that judgment of Visible Supply is mainly founded during intervals when no direct estimate is available.

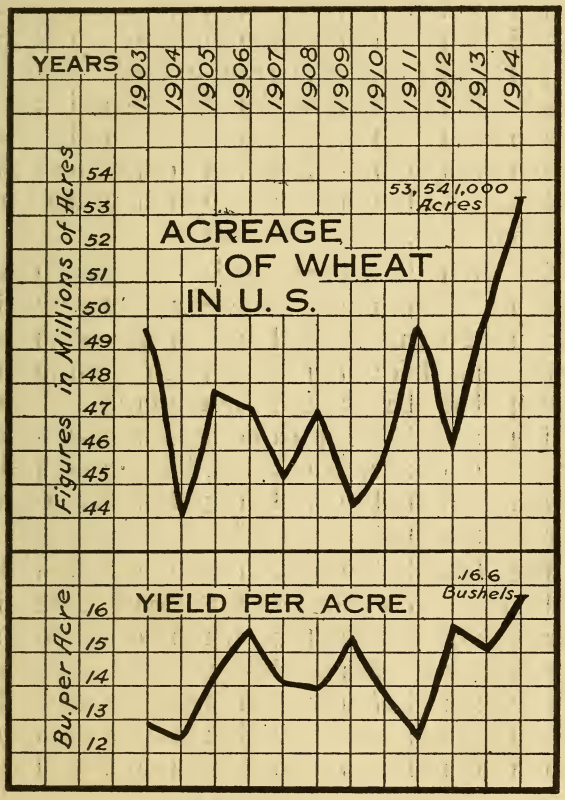
The *Comparison of Receipts* for one day with those of the same day a year previous is common practice in newspaper columns, and thence finds its way into the market literature of some grain brokers.

Such comparison of day with day is of little value; one day's receipts may be wholly vitiated as a basis for comparison by a storm, a strike, a holiday or an accident anywhere between shipping and receiving point. The figures for a week are more useful, but these, too, may be thrown temporarily out of line; they can be employed to advantage when receipts and shipments for the Whole Season are already known and the last change in the situation is wanted. Total Receipts to date are the only receipts which can be used in gaining a definite idea of the wheat supply situation.

Consignment Houses are those which receive wheat from country shippers but do not store it. They sell by sample on the grain's arrival. This work is, in many instances, handled by one of the departments of general brokerage firms.

A *Carload Lot* represents about 1,200 bushels of wheat, although some of the new cars now reaching Duluth and Minneapolis are larger. A bushel of wheat weighs approximately 60 pounds. Carload arrivals consist of about 60 per cent. of direct purchases and 40 per cent. *Consignment,* i.e., shipment to a commission man, who will offer it for sale on the exchange. This, of course, makes no difference to the amount of Visible, nor is the effect of consignments noticeable on the quotation board, as carload arrivals are usually discounted by sales of futures previous to shipment.

In all calculations to determine the amount of grain on hand and the probable volume of coming demand, a broad view is essential. This is what makes Wheat Study the finest exercise for an active mind. The more angles of the situation you can grasp at the same time, and the more logical your deduction from these many facts, the greater your advantage over less versatile brains who attempt to compete with you in using the facilities of the Pit.


YEARS
1903
1904
1905
1906
1907
1908
1909
1910
1911
1912
1913
1914
Figures in Millions of Acres
54
53
52
51
50
49
48
47
46
45
44
53,541,000 Acres
ACREAGE OF WHEAT IN U. S.
Bu. per Acre
16
15
14
13
12
YIELD PER ACRE
16.6 Bushels

Shipping Terms

Similar care must be exercised in calculating the effect of *World's Shipments,* which include all grain sent from exporting to importing countries. *Quick Shipment* implies a maximum 5-day interval before the grain is on its way; *Prompt Shipment*—10 business days; *Immediate Shipment*—3 business days. Grain on the water between two ports is *On Passage.*

Off Coast is a term applied to grain vessels that are lying outside a port of entry waiting for instructions to discharge cargo or to continue trip. *Worked for Export* is a phrase implying that the grain in question is the Cash article just sold to an exporter, and is to be sent by rail so as to arrive at a harbor for immediate loading on board ship. Storage facilities at ocean ports are limited.

The *Atlantic Ports,* so-called, are Philadelphia, Baltimore, New York and Boston. Other important shipping points on the same seaboard are Norfolk and Newport News. New Orleans is the principal *Gulf port;* Galveston another. The Atlantic ports and New Orleans are sometimes spoken of as the *Five Ports.* Grain is said to be *Afloat* when it is in a hold but has not yet reached its destination.

Clearances are the total shipments for a given

date, and generally include only Lake, Atlantic and Gulf shipments. Figures for Pacific Coast clearances are given weekly by *Bradstreet,* the commercial agency.

On the Canal—is grain passing through the Erie Canal; a *Boat Load* is the cargo of a canal boat, and is calculated on a basis of 8,000 bushels. *C. I. F.* is the abbreviation for Charges, Insurance and Freight; *F. O. B.* stands for Free On Board.

The Atlantic Coast wheat *Export* business is partly in the hands of seaboard firms which make a specialty of bulk shipments. They are principally located at Baltimore, Philadelphia and New York. Direct sales for foreign account are also made in large volume from Chicago, Kansas City, Winnipeg, Duluth and Galveston.

One quality is common to all of the wheat business: whether your deal be large or small, and no matter what influences are brought to bear on it by man or nature—the grain you raise or buy possesses an indestructible food value for which all mankind hungers with a call stronger than that of avarice, of patriotism or of religion. If you hold Wheat, sooner or later the world must come to You.

The Market With a Speed Record

Wheat value is a telegraphic spark that breaks

from the Danube to Buenos Ayres, from the docks of Liverpool to our own furthest Western Empire, but all flashes cross on the floor of the CHICAGO BOARD OF TRADE. The owner of wheat still on the stalk or in an elevator, in a floating hold or only in the form of a contract for future delivery, can sell his property on this market at the edge of Lake Michigan in as many seconds as it takes him to offer his goods plus one.

It has required the experience of two generations to perfect the Board trading machinery for the handling of both Futures and Cash wheat.

Cash Sales, of course, imply exchange only of warehouse receipts; a million sacks of wheat could no more be hauled from office to office in LaSalle Street than a parcel of real estate can be actually transferred, though it be sold and resold half a dozen times in a day. Later, within the time limit of the contract of sale, the grain will be shipped, unless by reason of reselling or other change of intention the wheat is left in the elevator and storage is paid.

A membership on the Board of Trade carries an advantage which makes it desirable to very active traders, although they do not care to maintain an office or do any commission or brokerage business. To a member who trades through

another member's office, the commission is only $3.75 per 5,000 bushels of grain; when a member does his own buying and selling in the pit but *clears* through another member, that is, he uses another's organization to finance and complete the transaction, the commission is $2.75 per 5,000 bushels, and if he closes the latter type of trade within 10 calendar days, the commission is $1.25 per 5,000 bushels. This compares with a $7.50 rate to non-members using a broker. A Government tax of 1 cent per $100 value is imposed on all trades.

The Tickers

Instantaneous transmission of news and prices is accomplished by the telegraphic Ticker system. These machines are of two main types; the larger is the News Ticker, which prints news in pithy paragraphs, much like those of the Gossip column on a newspaper market page. The news ticker uses a long sheet of paper 5⅜ inches wide, which unwinds from a roll as needed. Words are printed, letter by letter from a revolving wheel similar to that of a child's typewriter.

The other and more constantly used machine is the Quotation Ticker which gives the price of each sale as made in the pit. For this purpose a narrow strip of paper (11-16 inch wide) is used,

GRAIN MARKET OPENING-

WHEAT STARTED OUT LOWER ON THE CABLES AND LARGE RECEIPTS WITH FAIR SELLING LED BY BARTLETT FRAZIER AND SCATTERED TRADERS AND COMMISSION HOUSES-AT DECLINE THE BUYING HAS BEEN GOOD.

W E A T H E R M A P-

CANADIAN NORTHWEST - CLOUDY TEMP 8 BELOW TO 16 ABOVE-WINNIPEG 14-

ILLINOIS WHEAT-

WE ARE HAVING LITTLE TROUBLE WITH OUR DOWN STATE WIRES ON ACCOUNT OF THE STORM SAYS- BARTLETT FRAZIER COMPANY-SLEET ON WINTER WHEAT JUST NOW IS NOT PARTICULARLY DESIRABLE AS THE PLANT HAS NOT HAD A VIGOROUS START.

FOREIGN CROP CONDITIONS-

ARGENTINE - WEATHER CONTINUES FAVORABLE FOR HARVESTING AND MOVEMENT OF CORN--OATS ARR ARRIVING TO PORTS FOR SHIPMENT-LOCUST HOPPERS ARE APPEARING AND FEARS ARE EXPRESSED THAT THESE WILL ENDANGER CORN

quotations appearing in the form of figures and abbreviations.

Similar machines are used to transmit stock market news and quotations. A central operator transmits these messages to all tickers on the circuit at the same instant. New York and Chicago offices are on an equal footing in regard to time of receiving this news service.

CHAPTER V

Regulation of Price Movements—Chicago's Board of Trade—The Keystone of the Grain Business—Wheat "Corners."

ANY buyer, in Calcutta or Berlin, whether he wants a thousand bushels or a million, needs only send his order to the Chicago Board of Trade "at the Market" and it is instantly filled. Such orders in infinite variety and number are placed and taken up in the Chicago Pit every business day, yet the result is as easy to follow as a child's game with blocks; the figures go up and—fall down. The price of the grain may rise slowly or swiftly but sooner or later it again falls. You who deal in wheat need only watch that the price accurately measures the farmer's success in meeting the world's cry for bread.

These countless offers and sales of wheat, if left to the haphazard discretion of scattered buyers and sellers would vary widely in accordance with location and individual needs; no one could arrive at a sound estimate of supply, demand or value. Hence the *Board of Trade* was organized to centralize the business within the

smallest possible radius—a *Pit* 37 feet in diameter and 3 feet deep. Steps lead from the circumference down toward the center and on these steps the wheat brokers stand calling and signalling, offering purchases to one another.

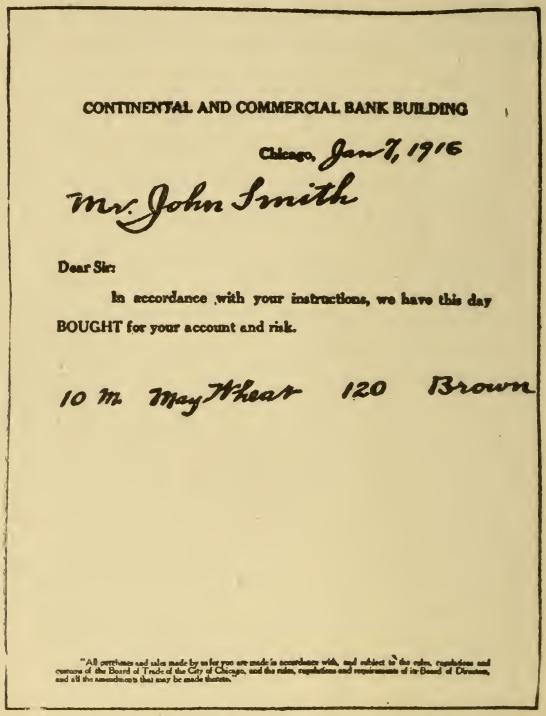
The active membership of the exchange is composed largely of *Commission Men* who act simply as agents for anyone who holds either actual grain or contracts good for future delivery and wants to sell. Similarly they will buy for anyone who wishes to lay in a supply.

In no transaction of futures on the Board of Trade does your profit or loss make any financial difference to the broker. When he handles grain for immediate delivery for cash, it is to his interest to get the lowest obtainable price for you when you buy, and the highest price when you sell, because you will naturally be watching all other sales at the time. The broker who acts for you once can expect your custom for subsequent transactions only if his service satisfies you.

Your Account With Your Broker

At the close of every business day a *Confirmation Slip* is sent to each trader; it specifies each transaction made. Purchases are usually noted on a black slip, sales on a red slip. The precaution of a difference in colors (though these may vary in different commission houses) is taken

because it has been found by experience that traders easily mistake sales for purchases, and vice versa. Hence these are kept on separate



CONTINENTAL AND COMMERCIAL BANK BUILDING

Chicago, Jan 7, 1916

Mr. John Smith

Dear Sir:

In accordance with your instructions, we have this day BOUGHT for your account and risk.

10 M May Wheat 120 Brown

"All purchases and sales made by us for you are made in accordance with, and subject to the rules, regulations and customs of the Board of Trade of the City of Chicago, and the rules, regulations and requirements of its Board of Directors, and all the amendments that may be made thereto."

CONFIRMATION SLIP

sheets for the first notification, but several purchases may appear on one Purchase Confirmation Slip, or several sales on one Sales Confirma-

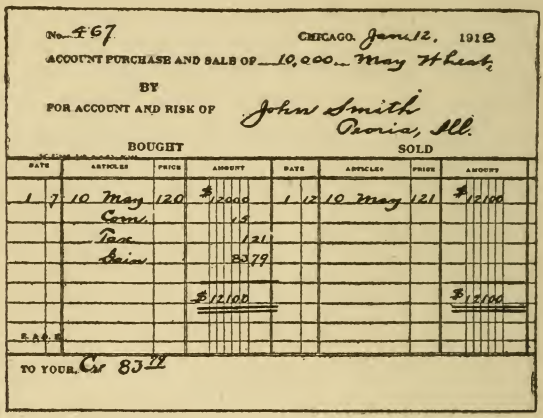
tion Slip. The sample shows that John Smith on January 7, 1916, bought 10,000 bushels May wheat at $1.20 a bushel, and that the trade was made with the broker Brown, the latter acting for a client in a manner similar to that by which Blank & Blank negotiated for Smith.

When a trade is closed out, that is, when a quantity of a grain (wheat, corn or oats) is sold in equal amount to a previous purchase of the same grain, or when a purchase evens out an earlier short sale, an *Account Purchase and Sale Slip* (usually called *P & S*) is sent to the trader for each completed transaction. He may receive several P & S slips in the same mail, and also the Confirmation slips to correspond if such trades were of the same date.

Herewith is shown the record of a purchase of Ten Thousand bushels May wheat at $1.20 a bushel and subsequent sale of the same at $1.21 a bushel. The broker's commission amounts to $15 for the *Round Trade,* the latter being a term covering the combined purchase and sale of the same amount of the same grain on the same exchange. A second deduction is $1.21—a Federal Tax of one cent per $100 value of transaction; $83.79 is the profit on the deal in question.

At the beginning of each month the trader receives a *Statement* of all the previous month's transactions. On the right-hand side of the

specimen, the upper figure, $83.79, corresponds to the profit on the 10 May wheat trade previously noted as per P & S. On the following day a trade was closed in 5,000 bushels May wheat —top figures left side of Statement: resulting loss, $29.75. Throughout the statement the last "000" are omitted in the amounts of grain han-



No. 467 CHICAGO. Jan 12, 1912

ACCOUNT PURCHASE AND SALE OF 10,000 May Wheat

BY

FOR ACCOUNT AND RISK OF John Smith Peoria, Ill.

BOUGHT				SOLD			
DATE	ARTICLES	PRICE	AMOUNT	DATE	ARTICLES	PRICE	AMOUNT
1 7	10 May Corn.	120	$12000	1 12	10 May	121	$12100
	Tax.		121				
	Bal.		83 79				
			$12100				$12100

TO YOUR Cr 83 79

ACCOUNT—PURCHASE AND SALE

dled, and only the first letter of the month (as "J' for July) is used. "W" stands for wheat, "C" for corn, "O" for oats. The entry under date of Jan. 28 shows that John Smith drew a thousand dollars in cash.

This is an account which has been running for some time; it may be presumed that the May and

July wheat noted as closed out during January already showed a satisfactory profit at the beginning of the month. A new account would require a larger margin.

The Chicago Board of Trade—Keystone of the Grain Business

The regulations of the Chicago Board of Trade cover every feature of the grain business for the

STATEMENT

CHICAGO, Feb. 1 1916.

Mr. John Smith
Peoria, Ill.

IN ACCOUNT WITH

E.&O.E.			DEBIT				CREDIT
1	15	5 M.W.	$29.75	1	12	Balance	$83.79
	27	10 Of.	13.48		14	10 M.W.	167.42
	28	Check	1000		20	10 Bds.	9.50
		Balance	120.90		25	5 J.W.	903.42
			$1164.13				$1164.13
						Balance	$120.90

BROKERS STATEMENT

best interest of all concerned. The most obvious advantage of the Exchange is the financial responsibility of its members; when you buy grain from or through them you do not risk finding a chattel mortgage on it. Uniformity of business methods is imposed and adjustment of disputes facilitated. The result is close competition and

excellent service to customers. On no other commodities is the middleman's profit scaled down to so narrow a margin as on grain and cotton.

A peculiar advantage of the grain business is that its *Warehouse Receipts* are better collateral even than real estate. This is due to the Board of Trade regulation which requires elevators to file a bond of 15 cents per bushel of their capacity for compliance with all rules. Such addition to security of loans above the market value of the grain makes these receipts highly desirable commercial paper.

The Board of Trade not only gathers crop information from all the world's fields and trading centers, but distributes it, as well as resulting prices, freely to other trading organizations, to newspapers, brokers and anyone interested, so that every investor and grower can obtain the fundamental facts of his position.

This enables the farmer who is confronted by loss in his own fields to buy intelligently and speedily from the product of other regions. When he has harvested and needs cash he can get it immediately because the crop can be stored, sold in the form of futures, later distributed at the railroad's and banker's convenience, and made into bread when the cities want it.

Were it not for the possibility of such *Future*

delivery by means of the Board of Trade system, we would be confronted by the impossible problem of buying and distributing a whole year's breadstuffs in a few harvest months. If the banker could not look up future quotations he would have no accurate basis on which to lend money to those farmers who need money but are not in position to sell; the banker would be compelled to ask much greater security, a situation which implies that the farmer would get less money. Similarly the grain elevators would have to change the nature of their business from that of storage concerns to one of merchandising. To protect themselves against loss the present small cost of storage would necessarily be raised to a figure meeting any possible adverse fluctuation.

When under the present favorable system an elevator company buys grain which it cannot immediately sell for actual delivery, it may order the same amount sold in the Chicago pit for delivery several months away. Should the price now fall, the amount thereby lost by the elevator concern would be equalized by the grain on the future delivery sale. This is called *Hedging*.

Thus, if at the time of the original trade between farmer and elevator, wheat was selling at 97 cents on the Chicago Exchange, that meant to the buyer that he could immediately sell wheat at that price. On this basis he would then deal

with the farmer, the latter receiving 97 cents minus freight, insurance, etc.—charges which are essentials in every business—and minus also the cost of storage, the latter being the item for which elevator concerns exist and compete. About one cent goes to the Board of Trade member who attends to all the details of the sale.

The Elevator wires a selling order to Chicago and contracts to deliver at a future date, suiting his convenience, a quantity of wheat equal to that which he bought. He gets approximately the same price—97 cents. Now he has his expenses and storage profit covered by the difference between his buying figure, 83, and the Chicago price, 97.

CHAPTER VI

Profitable Trading Means Keeping Ahead of the Crowd—Get Acquainted With Your Broker—Value of Correct Information.

THE American milling trade is depending for the present ease of its transactions on the perfection of Exchange trading methods.

Millers must suit the convenience of customers by contracting to sell and deliver flour at different future intervals, although the miller but rarely has storage room for many month's supply of wheat. The capacity of the mill's rolls, too, is limited to average actual requirements from day to day; hence the mill has no recourse except to buy *Futures* which are deliverable at or beyond the required dates on which present flour prices can be calculated.

Maintenance of prices near normal levels is materially aided by the constant appearance of thousands of small speculative orders in the pit. When wheat is offered at steadily falling quotations, people with spare funds who have *learned* grain, reason that an upturn must come sooner or later as certainly as water returns to its level.

They buy for future delivery, and if their action was well timed, are in position to sell at a profit by the time or before their contract is due. When enthusiasm has carried prices above the line warranted by facts, the speculator sells wheat, and as soon as equilibrium between hopes and facts is re-established, the amount may be bought in at less than the purchase price. This usually happens long before the "future" sold falls due. The difference, less a small commission for the broker's service, is net profit. Futures are not weighted with transportation or any other charges.

All human laws are occasionally inadequate or are boldly defied. The police force doesn't need an annual parade to demonstrate its existence, but few of us ever see a baker and recognize him as such. It remains, however, that harmful over-speculation is considerably rarer than murder, divorce or the every-day, grinding misery, that seldom reaches the top of a newspaper column.

Wheat *Corners* are abnormally strong movements due to heavy purchases by an individual or a clique. Spectacular corners of a manipulative character are now rendered impracticable by Board of Trade rules, but natural corners may develop from such conditions as drought or war.

What speculation does *not* fix prices; at its

best it is an investment based on reasoning as to future values. If the reasoning proves incorrect the speculator is the one who suffers, for he loses his investment. Crop facts, and correct reasoning founded upon them, may be gained by the use of an efficient advisory service.

Manipulation is never long effective on the market as a whole, and well informed individuals may not only avoid being caught in its misleading trend but can even take advantage of it by anticipating the reaction which is certain to succeed.

Essential—Correct information.

Keep in close touch with the Chicago Board of Trade through some member of long standing and wide reputation, and your interests are likely to be cared for with a loyalty and efficiency whose proof lies not in words but in the check you can draw against your account.

The finest example of commercial stability and courage which this generation has seen was offered by the Chicago Board of Trade when the war storm broke in 1914 and finance found that her credit foundation had sunk out of sight. All exchanges other than grain closed throughout the world, but the hunger-value of wheat kept Chicago's doors open and we have ever since been feeding the battle heroes and their orphans at an average rate of a million bushels a day.

This business did more than anything else to preserve American commerce from demoralization and was the basis for the country's subsequent prosperity.

A good broker's first desire when a new comer writes to the office is to learn something of that customer's personality. No two traders think quite alike, no two are in exactly the same financial position. As a doctor makes slight changes in treatment for different patients though they have the same ailment, so a conscientious broker strives to make each individual trader's needs and the varied possibilities of the market situation meet at points of profit. The longer, the more frequent and the more personal your letters to him are, the better he likes it; he considers himself your partner and can work to best advantage when he has such a partner's full co-operation.

CHAPTER VII

Orders to Your Broker—Trading Hours and Trading Terms—Where Safety Lies.

THE correspondence system of a first-class commission house fills your exact need whether you live in a suburb of Chicago or at Los Angeles. Each letter directly answers your personal needs while inquiries of a general nature are met by printed matter usually enclosed in the same envelope.

At no time does a good financial adviser (if of the very highest type) try to save you from Thinking. While he gives directions for trading in every crisis he explains Why and expects you to study that Why. Questions on subsequent results are welcomed for these show that the trader is looking for the right road to WHEAT SUCCESS.

There is only one road—that of Work, until every cause of past price movements is understood; then you can forecast the coming trend, and trade with complete satisfaction.

Most of the larger brokerage firms issue Daily Letters on the market and crop situation, supplemented by a Weekly Review of important devel-

opments. This service is usually supplemented by pamphlets or booklets of statistics either original with the house or turned out by some independent compiler who, for a consideration, prints the name of each broker on the cover of copies taken by the latter. The broker distributes these free of charge, on request. The "Red Book" by Howard, Bartels & Co., is such a compilation of grain and provision trade statistics, deserving careful study. The "Investor's Pocket Manual," published by The Financial Press, gives a comprehensive view of Stock and Bond history with some figures on the Grain and Cotton business.

Suit Your Needs

It is well to trade through that house whose information best suits your needs. The average market letter is a mere rehash of such news as has appeared during the day on the tickers or has been gossiped about the writer's board room. You will easily note the different tone if you read one of the few grain-market letters whose writer has brought brains to bear on the subject. Even if the latter type is at first hard to understand, it will pay any novice to study it, because what he doesn't know is just what he should know.

A Private Wire House is one which has the use of an individual wire service to different

sections of the country where its branch offices or correspondents handle local business and gather trade information. The latter is immediately wired to the main office and thence redistributed to all other branches. Such a service is of value to traders inasmuch as it keeps them in immediate touch with developments throughout the grain belt—assuming that the house is one of those possessing widespread connections. The grain trader at a distance from Chicago, if within telephonic reach of any branch office maintained by such a firm also has the advantage of immediate transmission of orders and of reports on their execution to and from the Pit.

Correct Information

When the thing happens—not after it's over, is a requisite of successful wheat investment.

Mere changes of public sentiment should never be allowed to sway your commitments except when that sentiment promises such development of strength as to overpower temporarily the trend warranted by Facts. In the long run Conditions—not headlines—govern prices.

Some speculator may discover three green bugs in Texas and think he sees a green plague spreading from our southern states to Manitoba: his vision gets into the newspapers.

In such a case, reason on the facts as shown

by a reliable grain news service and your original position will eventually prove correct. Situations of this kind are not infrequent, and accentuate the necessity of selecting your broker with the greatest care; his personal friendship is of little value if not backed by adequate organization.

Having decided that the market is a "buy" or a "sale," write, wire, phone or tell your order immediatly to your broker. Hesitation implies a lapse of time during which conditions may change: then your previously formed judgment becomes worthless.

In the ideal "Customer's Room" whether at a main or branch office, its manager is always ready to meet you, to answer your questions or to take your commands. His welcome is sincere, for his firm's business is managed in a generous spirit.

Dec 13 1915

M & M Mill Co
Tenn

Gentlemen -

I have seen some specimens of Iowa corn that are quite surprising-very much better than expected

You can either buy this May corn on a 1c scale down. or take the selling side if there is a further advance

For instance. if you can get short some May corn at 73c and some at 74½. I believe you will be im line for a good profit

Your attitude in corn has changed of late—and you seem to be bullish I too am bullish on breaks but when it comes to buying May corn way up in the seventies I think the situation calls for some conservatism

The same in wheat—The thing to do in wheat is to sell 5,000 on a 4c scale up or buy 5,000 on a 3 to 4c scale down—a 10c change with a 10c reaction would result very profitably If you want to make this 10,000 lots—by all means make it 10,000

Yours Truly
BLANK & CO.

Tenn.
Dec. 13, 1915.

Blank & Co., Chicago, Ill.

Gentlemen:-

I thank you for the corn trade you made for my account today I will wire you Wednesday when I hear from you about the Govern_ment Report, which I would thank you to wire me promptly. Please inform me at the same time whether or not you would suggest purchases or sales of wheat and corn.

Yours truly,
M & M Mill Co

CHAPTER VIII

Orders and Their Execution—Trading Terms—Bull Side in Wheat Compared With Stocks.

YOUR orders are best expressed when they are short and distinct, as—

"Buy 5,000 bu. May Wheat," or

"Sell 10,000 bu. Dec. Corn."

The *Unit of Trading* or *Full Lot** of wheat, corn or oats is 5,000 bushels; you can deal also in 1,000 bu. lots—the *Minimum Order.*

Amounts from 1,000 to, but not including, 5,000 bu. are *Job Lots.*

When sent by mail the order should be placed at the beginning of the letter so that it may be filled At Once (market permitting).

Trading Hours

Chicago Board of Trade business hours are from 9:30 A. M. to 1:15 P. M., Monday to Friday, inclusive, and 9:30 A. M. to 12 noon on Saturday.

Wire Orders received after the close of the market will not be executed and are *cancelled* unless marked "open" or "to close."

Your Wires to buy and sell *Full Lots* (5,000

* Also called "Standard" order.

bushels and upward) are usually paid for by your broker. Wires on *Job Lots* (less than 5,000 bu.) should be prepaid. If your trading is in sufficient volume to warrant the then comparatively small cost, it is well to have telegraphic information sent you on important occasions, at your expense.

A private, telegraphic Code Book is furnished by some firms; this permits frequent high-speed communication with privacy and at low cost. If an active out-of-town trader desires, an exclusive private cipher can be arranged for with his broker. The Robinson Telegraphic Code is obtainable at all good stationery and book stores and will give you cheap service for general business as well as financial messages. Your broker is Not responsible for mistakes made by a public telegraphic company.

Distant customers are immediately notified by the commission house on the execution of any trade; this is done by wire or mail, or both, according to circumstances. A full account of each day's transactions is mailed to the trader the same evening.

The Long Distance Telephone is a very satisfactory medium for communicating orders and information. Quotations and news can in this way be obtained from all branch offices of a

Private Wire house with ease and certainty of instantaneous execution.

Trading Terms

Whether your order is placed by wire or otherwise, it must be remembered that small *Job Lots* are more difficult to place at a given price than the *Standard Order,** 5,000 bushels, and its multiples. The job lot trade usually has to pay a difference of from ⅛ to ¼ cent from pit prices for the accommodation. This is beyond control of your broker, who serves you to the best of his ability under all circumstances.

You can make a contract to Sell wheat or stocks even if you have none on hand; this is called a *Short Sale.* The practice of Selling Short on exchanges has been much misunderstood; it has been misinterpreted as "selling what you don't possess," but is as essential an item of the wheat business as is to the automobile business any contract which Mr. Ford may make to deliver 1,000 cars before they are built. Ford may not even have the raw material on hand, but he knows where to get it, has the capital and organization, and therefore feels at liberty to make a profitable contract for a date far ahead. He is dealing in *Futures.*

Similarly the wheat trader, knowing where and how to get grain whenever he may want it, sells

* Also called "Full Lot."

for *future* delivery. He may buy-in this wheat contract at a favorable opportunity before it is due, without caring who raised or will raise the actual grain, just as a street-paving contractor often sublets to another firm a job which he took for Future completion without even intending to do it himself. The farmer may in the spring make a "Future" contract to sell the grain which he won't harvest till autumn; you can contract to receive that future harvest at such price as the farmer or his representative will accept.

When you Buy wheat or stocks you are *Long* of the market and hope for a Rise of prices so that you may sell at a profit; you are then a *Bull*.. If you Sell without a previous purchase you are Short and you naturally hope that prices will drop to a lower level so that you may buy-in your contract for even less than your selling price and pocket the difference, then you are a *Bear*.

It is easy to remember the alignment of Bull and Bear if you recollect that a bull will Raise whatever he gets on his horns, while a bear Pulls things Down.

A trader's alignment as Bull or Bear is his *Market Position;* to change from one position to the other is to *Switch*. It is essential that the trader learn how to deal on both sides of the

market, because downward price movements are in the aggregate as large as upward movements; to restrict one's self to either would be to lose half one's market.

The Short side requires the more careful attention, because the time within which the Short must make good his contract is limited. When you are Long of wheat within the proper limits of your capital, you can hold on indefinitely till prices meet your needs. The Short, on the contrary, is exposed to a possible *Squeeze* or *Drive*—a manipulative effort of the Bulls to force prices up to a point higher than Shorts can margin their accounts. The Shorts are then compelled to buy-in their contracts at top prices.

Safety lies in the use of Stop Loss orders. It is never advisable for an ordinary trader to sell the Current Delivery Short, because it is not practicable to estimate stocks of grain on hand accurately and you may happen to get much bad company—that is, other traders, who, without fully knowing the situation, sell short. In that case, the amount of available grain may be less than the amount sold short and the price would inevitably mount. Or, though supplies be equal to sales, the ascertainable surplus is small, then the market can still be called *Oversold,* because traders who deal in large quantities, becoming aware of the numerous short sales, will buy up

all of the small surplus and bid for more till the price mounts beyond the level to which the shorts can margin their previous sales. The short in this case also has no choice but to buy at the top figure.

An *Overbought* market is one in which traders have made purchases in greater volume and at higher prices than the situation warrants. A return to normal levels is then only a question of time unless some new development appears, changing former fundamentals.

BLANK & CO.

Time 11.03 ***PRIVATE WIRES*** December 9, 1915

Minneapolis.

Farmers are only selling freely on bulges. Decided falling off in hedging by country elevators. Country stocks are large. Terminal receipts will run about same as present.

An essential difference between the wheat market and the stock market is that good news about a stock company is Bullish; big earnings tend to make a company's securities rise in price, while news of losses or of calamity have a bear effect on the stock or bond and tend to drive its price down. In grain, on the contrary, a good, big crop means that there may be more wheat offered than buyers want, in which case farmers will try to undersell one another, and the price drops. The tendency of good weather or big receipts or any news favorable to the fields and bins, is Bearish. When pests or frosts strike the wheat districts and the crop threatens to be damaged, or to fail, the probable result will be that the amount of grain harvested will not be sufficient to meet the demands of buyers. The latter would then compete for the remaining wheat at rising prices. Therefore, crop damage, or such news as lack of transportation or unexpected large demand, acts as Bull news.

Orders

A *Limit Order* is one to trade at a fixed price, at or before a fixed date, as—

"Buy 5,000 bu. July weat at $1.21; good today only," or good till a given date.

When no price is mentioned and you say, "Buy 5,000 bu. July wheat," the order is con-

sidered as placed for immediate execution *At the Market,* and is filled at the best figure immediately obtainable in the pit.

You may instruct your broker to buy at a price below the current quotation, or to sell at a figure above this quotation.

CHAPTER IX

The Several Types of Orders—How Profits Are Computed—Trading Terms.

EVERY customer receives a list of his open orders each week.

If you wish to rescind an order, repeat it, prefixing the words "Cancel order to"—buy or sell as it happened to be. Your *Cancellation* goes into effect instantly.

A trader should keep accurate record of his transactions and be careful to cancel old open orders which may conflict with new ones.

"At the market" is the best method of giving ordinary orders. To try catching an extra fraction, or even a cent, when you have once made up your mind that the trend is away from present levels, is not only a waste of time, but exposes you to risk of *Missing Your Market.*

For example:

You see wheat quoted at 81⅝c.; you find world-supplies low, and believe 85 to 90c. will soon be bid, but would like to knock that ⅝ off the purchase figure, and order your broker to buy at 81c.

Now a little dip may bring the price to 81¼c. —quite close to your buying order, yet not al-

lowing it to be filled. Or the rise which you expect may be foreseen by other buyers only thirty seconds later than by yourself—wheat then goes straight up, reaches the 85c. level which you confidently foresaw, passes the 90c. mark—but you have nothing, because your buying limit, 81c., was never touched.

Order to Close.—To close a trade is to order a sale equal to a previous purchase, or to order a purchase equal to a previous sale. The first trade is thereby evened out, and the profit or loss between the price levels of the two trades is placed to your account.

It is good practice to place the words "to close" on all such orders; this will prevent possible mistakes of a type which might prove costly. Few traders possess an infallible memory; they sometimes think they have a commitment on their account which in reality has already been filled or cancelled or perhaps was never placed. If under such circumstances your broker see the words " to close," he looks up your account, but finds nothing of equal amount to close out. He then notifies you, and the misunderstanding is ironed out. Otherwise you might think you have closed a trade and give it no futher thought, when in reality you have opened a new trade which needs watching or immediate action. An order "to close," not other-

wise marked, is always considered an "open order"; that is, it will be kept on the books until filled.

You are advised to keep in touch with an adequate news service, not merely because that is the news service which deserves your business, but because unless you are a grain specialist and devote sufficient time and capital to news gathering, you cannot possibly know the facts as well as such an organization. Then, anyone who made use of that service and did know the facts better than yourself, would have a big trading advantage over you. When you have learned the situation you can devote your Wheat-Time to the market itself and balance your judgment of future developments with your individual temperament and capital.

"Close Out My Account" is the order you give when you wish to stop trading, for the time being at least. Your broker immediately "closes" all trades on your account; that is, he sells your "long" commitments and buys in your "short" sales. A few minutes later you can draw your balance in cash.

All orders may be changed at any time. A good broker's service meets every emergency, no matter how complicated. Switch as often as you like.

It is well to start with a clean slate every once

in a while. Especially if you are trading in provisions and stocks, as well as wheat, the variety of your old open orders may tax your memory and open orders are not cancelled until you give instructions to that effect to your broker. Just say: "Cancel all orders standing on my account." Then meet present conditions with new "buy" or "sell" instructions.

Resting Orders

Resting Orders are instructions to trade at figures away from the current level; with them you can take advantage of coming movements without your being present in a brokerage office, and even without closely watching quotations. If May wheat is offered at 90c., and you think that it will probably reach a lower level in a few days, you can place a Resting Order to buy 10,000 bushels at 88c. a bushel. You can now go on a hunting trip, if you like, cutting all communications with your broker, and if the price goes as low as 88c., you are certain to get that 10,000 bushels.

Should you be "Long" and hold wheat which you wish to unload at 92c., you place the Resting Order to sell at that figure. Even when you are watching the market as closely as is possible for the average business man (not professional grain dealer or trader), the Resting Or-

der is the only means by which full advantage can be taken of breaks and bulges. Such levels are momentary and the distant trader must have his order in the broker's hands ahead of the event, because the climax of a movement or a temporary change of trend cannot be forecast by anyone.

When so placed as to take a possible future profit, a Resting Order becomes a Closing Order. For example, the price of wheat being $1.00, you may judge that a small decline is probable, but that the fundamental position warrants a subsequent rise of at least 3 points. You can then send your broker a Resting Order to "Buy 5,000 bu. July wheat at 99, close at $1.02." This gives you certainty of catching the 3-point profit, if it eventualizes.

Instead of waiting for a decline, you may wish to buy "at the market" and to take advantage of any further strength, after you have taken your first profit. Then your order could read as follows: "Buy 5,000 bu. July wheat, take two-cent profit, and repeat if market warrants."

This is not a *Discretionary* Order. The latter is a type of transaction not accepted by the best firms, and may be defined as one by which a man leaves the making of a trade in the hands of his broker, the latter to act entirely accord-

ing to his opinion. A high-class commission house does not care for this responsibility.

It is, however, not only legitimate, but essential to the success of a careful trader, distant from his market, that he can so place his orders as to take advantage of future movements whose probability he foresees. Hence you are fully justified in ordering your broker to "buy if the market looks strong tomorrow," or "sell if the tone is weak," and "repeat if conditions remain the same." In the news of the day and in official price movements you have a certain check on the carrying of your orders.

Keep just ahead of the crowd by placing your Resting Order an eighth or a quarter in advance of ordinary trading levels. For example, when wheat has had a long rise and is moving through $1.17, everyone's thought turns to $1.20 as a possible limit to the movement and a good point at which to take profits. Put your Resting Order to "close at $1.19¾," so that although the volume of sales at $1.20 may force prices down more quickly than all the orders at that level can be filled, you, by apparently sacrificing a quarter of a point, which, however, was never really obtainable, have your profit safe.

You can also sell short by using Resting Orders, but it is rarely advisable to go short if you cannot watch the trade, unless you protect your-

self with a *Stop Loss Order*. That is one of the most important safeguards for the average trader and consists of placing a Resting Order—to Sell, just below your purchase price, or—to Buy close to, but above the level at which you sold short. Thus, if you bought 5,000 bushels of May wheat at $1.00, expecting a rise, you might place a Stop Loss Order to sell at 99¼—this would prevent the market from going more than ¾ of a cent against you (as far as your account is concerned), if your expectation of an upturn proved incorrect. If you judge a downward movement at hand and sell short at $1.00, the Stop Loss Order may be placed at $1.00¾, and in case of a rise your loss is stopped at the latter figure.

Never go beyond reach of your broker's telephone without protecting all trades by Stop Loss Orders. These are always considered "Open"; that is, good till filled or cancelled.

A *Point* in the wheat market is one cent, as the difference between wheat at $1.00 a bushel and at $1.01 a bushel. Each point of price movement implies a profit or loss of $10 per 1,000 bushels of wheat.

When prices are moving swiftly up or down, and you already have one or two points' profit, the most satisfactory position for your Stop is about two cents from the market price. During

such active trading, intermediate small swings of about a cent are frequent, and a Stop ¾ c. away would result in your trade's being closed out too soon; a return to the main price direction might then show a profit on your original trade, but you would no longer be aboard; hence the necessity for more leeway—two points.

CHAPTER X

Trading Terms—Necessity for Definite Campaign Methods—"Swings," and How to Use Them.

THE *Execution* of your order is the actual making of your purchase or sale in the Pit. A broker like a hardware salesman or real estate agent asks pay for work and reimbursement for expenses in proportion to the amount of goods or business handled. This percentage is called the *Commission* and amounts to $7.50 per full lot (5,000 bushels) of Wheat, Corn or Oats. On orders for job lots (1,000 bushels) the commission is $2.50.

You, the trader in Grain, pay *No Interest Charges* or other carrying expenses of any kind on "Futures" in wheat. However, should you choose to buy for *Current Delivery,* that is, for delivery during the present month—as when you buy May wheat in May—that grain as soon as turned over to you, must be held somewhere. If you have no warehouse of your own you must pay storage. In practice this is paid to the elevator company holding the particular parcel now standing in your name. *Carrying Charges* comprise cost of storing, interest and insurance, and

amount to about 2 cents a bushel a month; they may also be caluculated on a basis of $3.25 a day for 5,000 bushels. This expense is avoided by selling before the delivery date arrives.

A Current Delivery may or may not be immediately delivered, although it must be by the last day of the current month. If your buying order was filled from a selling order given by someone who had previously bought actual grain and who wished to unload it, you would have to accept it and thereafter pay storage until you resold or shipped it. If your order was met by a short sale, you would be saved the carrying charges until the short seller bought-in his contract and made delivery.

Cash Wheat, occasionally also called *Spot,* is wheat sold by sample and grade for immediate delivery, as when bought by a mill or for export. Cash wheat sometimes sells at from 2 to as much as 15 cents above the futures; this is called the *Cash Premium.* It is due to the fact that delivery of future contract wheat is at the seller's option during the month for which it has been sold, and those who need actual grain immediately must pay in proportion to the degree of scarcity. In years when crops are large and demand is not equal to supply, a discount prevails on actual grain. This is called the *Cash Discount.*

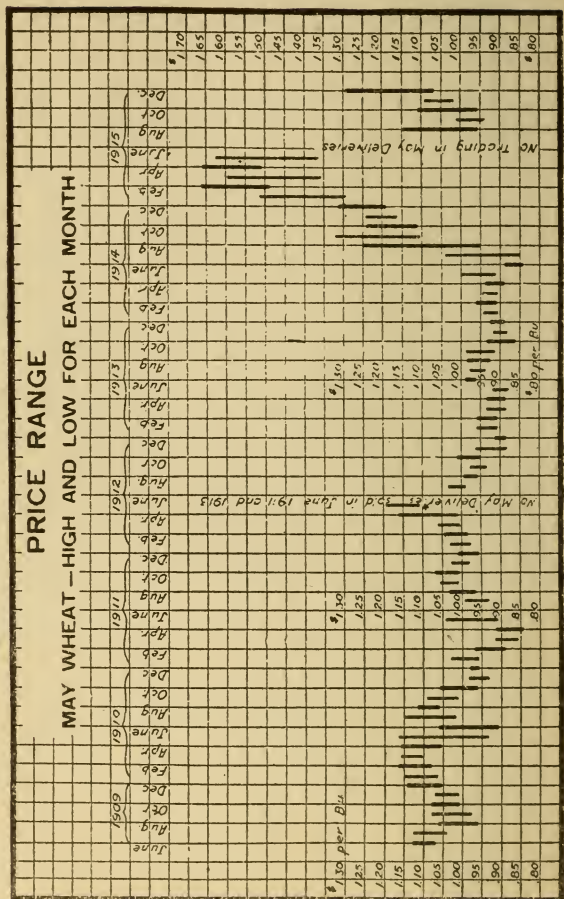
Foreign business is mainly in the hands of dealers strong enough to buy a whole cargo at a time.

When Your Market Position Is Well Taken Ample Margins Are Assurance of Eventual Profit

As you open an account you deposit a sum commensurate with the probable volume of your trading; this is called the *Margin*. Each order to buy or sell wheat is a business contract (as definite as an agreement to purchase a house and lot or a suit of clothes) and the other party to your contract (represented by his broker, just as your broker represents you) demands assurance that the trade will be carried out. The margins of the two traders, deposited with their respective brokers, give such assurance. The brokers can thereupon guarantee the transaction to each other. In the pit this is understood, and it is accomplished automatically by the accounting department of both firms.

During ordinary markets, when the price of wheat is $1.00 a bushel or less, the margin required is 5 cents a bushel handled, that is $250 for each 5,000 bushels, $50 for 1,000 bushels.

On Corn and Oats the minimum deposit is 3 cents per bushel, equal to $150 for each 5,000 bushels.


PRICE RANGE
MAY WHEAT—HIGH AND LOW FOR EACH MONTH
No Trading in May Deliveries
No May Deliveries sold in June 1911 and 1913
$1.30 per Bu
$.80 per Bu

A margin is *Kept Good* by being maintained at the same distance from the market level; when an account is margined for 5 points down from $.98 a bushel and the quotation drops 3 points to $.95, then an additional 3 cents a bushel is deposited to "keep the margin good" for 5 points down to $.90.

When wheat sells above the dollar level, it is customary for brokers to insist on a margin that offers a fair degree of safety; the customary amount in that case is 10 cents.

The price level to which a speculative account is margined is called the *Exhaust Point.* When it is approached, that is, if the market moves against the trader by about 2½ cents of a 5 cent margin or, with wheat at $1 or higher, by 5 cents of a 10-cent margin, the broker issues a *Margin Call* or request for additional margin.

It is understood between client and broker that the latter reserves the right to close all transactions whenever funds in hand are insufficient to protect holdings.

In widely fluctuating markets a change of more than 5 cents during the day must be allowed for. This is apt to be so rapid that your broker lacks time to notify you or you may not be in a position at the moment to increase your marginal deposit; you would in such a case be sold out and, likely as not would subsequently

see prices remount to a figure which would have netted you a handsome profit. It is easy to see *after* such an experience that ample margins are the best assurance of profits—the rare trader is he who realizes this factor *before* he is caught for an expensive practical lesson.

Wheat investors who plan their market campaign in some such manner avoid the danger of heavy loss no matter how high, low or fast quotations fly. A majority of losses are due to *Overtrading*—to expectations so great that they are unfair to the capital used as well as to the market, and will swamp the speculator sooner or later.

Never take a risk that spoils your beefsteak or your pillow. Such methods may truly be called "speculation" in the unhappy sense of the word.

Conservatism is particularly advisable in enthusiastic Bull movements. At such times the inexperienced public is penalized by wild dips and rallies which regularly wipe out an army of small speculators who neglect to obtain the advice of a good broker.

Definite Campaign Essential

A definite campaign method is essential to continued success in the market. Traders of long experience develop their methods instinctively

and work in every variety of market according to rules of which they may not be conscious. The most successful wheat speculators probably feel automatically what action is right at any given moment; their logic is so rapid that it scarcely seems to require sufficient time to be called thought.

A beginner had best outline his procedure carefully, to suit his individual character and capital.

A good method is to divide your capital into ten equal parts each of which, safeguarded by a stop-loss, will allow for a complete trade. Then you can lose several times and still maintain your balance, with your broker, intact. In special circumstances, such as catching a wide and steady movement from beginning to end, a single one of your Trades can easily make up for a dozen losses.

Gaining Experience

Such a method gives beginners a chance to gain experience, for no man can expect to come into a new business and judge every eventuality correctly. The greatest financiers, statesmen and generals allow for an element of adverse chance. This is only prudent. By the time that your account shows that you can steadily make small gains in the wheat market, you will probably de-

velop a more or less individual method of your own.

A CHART is a Motion-Picture Record of Financial History. It should not be used as a direct means of foretelling future movements, although it has been prostituted to such purpose by the quacks of a dead market-generation.

The wheat market moves nominally by eighths, but in practice by sixteenths. The smaller fraction would be cumbersome to quote, hence bids and offers are called in eighths—*"Split"* that is, halved. The bid and asked prices are an eighth part, as "99⅞ bid $1.00 asked." If the last sale was at $1.00 and a pit trader calls out "Buy 10,000 99⅞ Split," he means that he will take 5,000 bushels at 99⅞ and 5,000 at $1.00, practically 10,000 bu. at 99 15/16. Should the trade say, "Sell 10,000, $1.00 Split," he is offering to split a 10,000 bu. order for an average consideration of $1.00 1/16 per bushel.

The pit transaction is made by spoken or shouted word, no matter how great the turmoil and noise in the exchange room. A motion of the hand toward or from the person speaking indicates his position as buyer or seller. The trade may then be confirmed by sign.

Sign Language

A sign language is also used in reporting prices and orders from the pit to persons at some distance. This system is practically a deaf and dumb alphabet made up of various positions and movements of fingers, hands and arms. The hand turned up means—I bid; turned down—I offer; one finger expresses a difference of ⅛ above the whole number of the last sale; each additional finger—another eighth; closed fist even cent; arm swung forward and down—Sold, etc.

Trading Expressions

Some of the expressions current among traders, to denote various kinds of fluctuations, do not lend themselves to exact definition, but it may generally be said that a *Break* is a rather sharp down-turn of prices for from two to five points; at its extreme this may be called a *Slump*. A *Bulge* is an upturn within similar limits. This, however, attracts more attention and business, point for point, than a similar Break and is, at about four points, often misnamed a *Boom*. The latter word is properly reserved for a continued rise of 15 points or more.

CHAPTER XI

Technical Terms — Scale Trading — Pyramiding and Indemnities.

WHEN a movement extends beyond five points it is likely to be complicated by smaller contrary currents, and may develop sufficient strength to become a dominant *Trend;* then we have a Bull or Bear Market.

Recession, Dip and *Decline* are self-explanatory and are more commonly used in speaking of a movement of less than two points. Modifying adjectives, such as large, small, little, big, etc., often change the scope of market terms.

A *Reaction* is most commonly understood to be a downward movement following an upturn; quite properly though more rarely, an upward movement after a decline is similarly termed a Reaction. The popular term for an upturn after a falling market is *Rally.*

Professional wheat exchange operators who have long experience, ample capital and constant, close connection with the market, can make a steady income by *Scalping* quotations. They catch the small fluctuations ranging over a point or two, and as these are frequent, the

average day's result is satisfactory to the skilful scalper.

Persons not so conveniently situated cannot afford to pay attention to these minor price movements, because commissions on frequent trading become burdensome if not accompanied by that steady success whose prime requisite is constant attention. Hence the business-man whose time is mainly devoted to affairs outside of the exchange will find it most profitable to study the wider fluctuations.

These may be roughly divided into *Intermediate Swings* of from 3 to 10 points, and *Long Swings*—from 10 to 40 points and more. If you desire lively opportunities which constantly change and recur, and you are ready to give at least half an hour a day to Wheat Work, the Intermediate swings can be made as profitable as they are interesting. Wheat, like chess, requires Brains and Application, but to those who have once mastered them they are the finest games in the world. The fundamental rules of both are simple after the first two hours of study.

A glance at the diagram of price movements on page 72 will give an idea of the many chances to catch Intermediate Swings, opened in the course of a year. The use of stop-loss orders as suggested in a previous chapter, will enable any careful trader to limit losses to incon-

sequential amounts (provided no trade is too large for his capital). Resting orders properly distributed will permit you to partake of each favorable trend.

The last type of campaign which may be advised, aims at wheat purchases when the price of the grain is very low as compared with the average of several years, or at sales when the level of quotations is immoderately high. This method rests on what is probably the first principle we ever learned: "What goes up must come down," and on its opposite (a certainty in wheat and corn)—what is down will go up.

The difficulty—"When is the price up, or down?" can be answered by a review of past prices and present conditions; the question: "When are prices at the very top, or at the lowest bottom?" is never settled till the movement is over.

Scale Trading

Yet even high and low points can be approximated by *Scale Trading*. This plan presupposes sufficient capital, and experienced judgment; both terms are relative. If you deal in small lots, a comparatively small reserve fund will prove an adequate safeguard—and a beginner's judgment should in all cases be reinforced by sound advice, if possible, from someone interested in your financial welfare.

The Long-Swing trader who sees May Wheat quoted at $.90 knows that this is within six points of the lowest level (84⅜) touched in recent years. So he divides his active trading capital into four parts, intending to buy equal amounts "on the scale down" at 90, 88, 86, and 84 cents, leaving enough money for each trade to margin it down to 82. He should have some other form of negotiable funds in his safe deposit box so that in case of an unprecedented drop, he can support his trades even if he must borrow money and pay interest, because evidently it is just such times of extreme depression that afford the cheapest purchases and possibility of longest upswing.

When quotations finally move in a favorable direction, the Average of your four purchase prices is the point at which your profits begin and they may be permitted to pile up until the delivery month arrives. A resting order to sell kept just below the mounting quotations, would protect you against any severe reaction.

Should your first order have caught the very bottom of the decline, you reverse above tactics and buy on a Scale Up from 90, perhaps at one-point intervals after the first, as—92, 93, 94. This soon gives you absolute certainly of profit if a top loss is placed close under the market. Your margin in that case need not be so large

as for the scale-down campaign, and you can safely increase the size of your commitments.

All questions of margin, stops, and use of different trading methods are relative and depend on circumstances. No rules can be formulated to cover all cases; each trader must by practical experience sound his own limitations and ability.

Having decided on a course for your campaign, make every effort to keep your mind from being biased by hopes and fears. The reason why some men who know the markets thoroughly nevertheless stay poor, is that after they have formed a judgment, they cannot stick to it. No matter how long they are of wheat or stocks they are always short of Will Power, and break every resolution as soon as rumor or public sentiment run contrary to their first convictions. A Rudderless Ship Makes a Poor Grain Carrier.

Your investigation of conditions being thorough, your logic carefully built up, and your plan ratified by competent advice, take a firm grip, as bull or bear and Stick!

When you study yourself, your bank account and the market to find a method of trading, do not get caught by any so-called *System* of the infallible type. An idea that the market can be forecast by mathematical means, by charts or

hocus-pocus of any variety is certain to bring you to grief.

A "Sure Thing" in the wheat market is the sign of faker or fool. The most powerful manipulator can make no law for price movements; the most profound mathematician can find no law for them. Every trade you make must stand on the merits of your judgment at the instant of placing your order. Of course you may have prepared the basis for that judgment at the beginning of the campaign.

Pyramiding

When a trader has a profit and does not cash it in, but leaves it standing on his account without safeguarding it with a stop loss, this is called a *Paper Profit.* It may be used as the first layer of an inverted Pyramid by employing it to margin a second order in the same market position as the first. Should prices continue to move in the same *direction* the second trade will show a profit and that of the first trade will be increased.

The sum of these two profits may now be used to margin a third trade, and so on until either the trader is satisfied and converts all these paper profits into cash, or the market turns aginst him sufficiently to topple over the whole structure. This method offers large possibilities of gain, but the risk is commensurate and makes

SIGN LANGUAGE USED IN WHEAT TRADING

any series of such ventures a practically certain loss.

Indemnities

These are also known as *Bids and Offers,* and are a form of insurance against loss on ordinary trades; the rate which must be paid for this insurance is, however, so high that its purchase becomes profitable only in very active markets when fluctuations are apt to be wide. Selling indemnities is properly the work of professionals who can closely watch the market and who possess ample capital to meet an occasional heavy reverse.

A trader who is long of 5,000 bushels December wheat at $1.00 (the market closing at the same price) may buy a bid at perhaps 98 for the next day, paying $1.00, plus 5 cents brokerage, per thousand bushels.

The cost of insurance on a full lot of 5,000 bushels is therefore $5.25. If December wheat drops to 98 cents during the next market session, the bid becomes "good" and the indemnity automatically becomes operative, that is, the trader sells the 5,000 bushels December wheat to the Indemnity seller at 98. No matter how much lower the December wheat quotation falls during the session the indemnity purchaser, having sold his wheat at 98, is reimbursed for any drop

below 98—the purchase quotation of his indemnity.

When a trader is Short, he can buy Offers and sell Bids; the $5.00 payment on a full lot less 25 cents brokerage nets the seller $4.75 per 5,000 bushels. In all cases the actual transaction, made when bid or offer becomes good, follows the regular routine of the pit and is subject to the ordinary commission of $7.50 per 5,000 bushels. These daily contracts are quite active.

Somewhat more limited are dealings in weekly indemnities. They run to the close of the last business day of the week for which they are bought and are contracted as early as Tuesday of the previous week. Their cost is $6.25 for a full lot, but the quotation at which they become good is usually quite distant from that of wheat in the pit, seven or eight cents being common. When wheat is $1.00, the weekly indemnity may be quoted at 93. The buyer in this case has no protection between $1.00 and 93 cents.

CHAPTER XII

"Spreads" — Forming Judgments of Price Movements — Routine of the Board Room—Wheat Calendar—Market Pointers.

THE price of wheat in different markets usually differs by a fraction of a point or more: This is called the *Spread.* Buying in one city and selling in another, to take advantage of the price difference, is known as dealing in Spreads, and is a form of trading properly restricted to specialists who possess superior connections in widely separated markets. The business is handicapped by doubled brokerage commission because in practice a purchase and sale must be made in both cities even when the transaction is in cash grain. Shipping costs would become too heavy.

Another form of spread is that between different delivery months in the same market; this is also called a *Straddle.* For example, during December the price for May futures may be $1.25 a bushel and for July, $1.15, because it is probable that by the later month the new harvest will fill demand more readily. However, at a distance of six months it is not practicable to esti-

mate harvest results with sufficient accuracy to warrant straddling, only if the spread continues inviting until a "nearer" month, say March, a far-seeing trader might judge that May wheat may be a sale while the July is a good purchase, or vice versa.

While this form of spread is not as difficult to handle as that between distant cities, it nevertheless requires experience and ability of an unusual degree and can not be generally recommended.

To Form Your Judgment of Future Price Movements

WATCH.

Acreage	United States Foreign
Weather	Temperature Moisture
Pests	Smut; Rust; Insects.
Labor	A small factor; farm-labor shortage stories are usually fakes

- **Supply**
  - On Farm
    - Growing Crop
    - Reserves
  - In Elevators (Line, Terminal) — Receipts
  - In Transit
    - Rail—available cars
    - Ship—available ocean tonnage
- **Demand** (Home, Foreign) — Study public and private market reports
- **Surplus** — Ask your broker's opinion
- **The Pit**
  - Prices
    - Direction of movement
    - Speed
  - Activity, indicating volume;
  - Personal Leaders.
- **Sentiment**
  - Tickers;*
  - Your Broker's Letters;
  - Newspapers;
  - Gossip.

* There's often a big story between the figures of the quotation tape, but everybody doesn't know its alphabet.

When the origin of heavy orders can be traced, the name of the influential trader is a valuable index; he may know something of which the crowd is ignorant.

Weekly Routine of the Board Room

Over the week-end many traders give some time to the reading of market letters and reviews, they sum up the latest statistics and consider public sentiment. As a result MONDAY morning's orders represent the revised view of a large market element, and the impetus which these orders give to prices must be reckoned with. About 11 A. M. on the first day of the week the Chicago Board of Trade gives out its official estimate of the United States Visible Supply. The figures cover wheat at primary centers and shipping points between the Lakes and the Gulf.

On TUESDAY, Bradstreet publishes figures on the U. S. Visible, including Pacific Coast points and some of the larger interior elevators.

FRIDAY—Exports for the preceding week are published by Bradstreet.

On SATURDAY total Primary Receipts are summed up and given out on the news ticker. Toward the close of this session an evening-up movement is usually noticeable. Its resultant effect is variable. If the market has been rising

on what appears to be a temporary swing, profit-taking will predominate. On the contrary, if the upturn has been sufficiently spectacular to attract the public, with prospect of even greater volume of buying at the next session, shorts are likely to cover their contracts and their purchases may push the price up another cent or more. Such a flurry is likely to happen particularly at the close of any other day as well as Saturday. When prices have been sinking for some time, shorts who have a profit often prefer to take it rather than risk any change of trend over a coming holiday.

Three-Day Price Movements

A considerable number of traders believe that the majority of market swings consume three-day periods; hence they are likely to close out or switch at the end of the third day of any movement. Exceptions to this rule are, however, so frequent that its observance is suited to the thought habits of a small minority.

Herein lies the fundamental lesson of Success in chosing a trading method: "Suit Yourself." As no two men look alike, so the brain habit of each is different. Possible combinations of action in the wheat market are infinite; it remains for every trader to study his fund both of money and courage, the rapidity of price

fluctuations and the speed of his own cerebral functions. It is only when he has learned to match his own orders against the business in the pit and to switch position as easily as the board boy chalks an eighth up or down, that the Grain Investor has found himself.

Wheat Calendar

January

Argentine Harvest completed; shipments begin and wheat is likely to be a sale.

Australasian and Chilean Harvest.

Primary movement culminates.

Government report on acreage and condition of Winter wheat

February

Alternate thawing and freezing a danger. Harvest in upper Egypt and Southern India.

March

Frequently a month of falling prices because sales of farm reserve wheat are heavy.

Government report on supply of wheat in farmers' hands and quality of crop.

Government estimate of world's crop.

Harvests continue in India and Egypt

April

U. S. crop making season begins.

May wheat likely to reach high point between this time and July.

Government report on condition of Winter wheat.

Hessian fly may appear.

The amount of contract grade wheat available at primary markets is a valuable index of delivery conditions for the first of next month.

Navigation reopens on North American lakes and canals.

Harvests in lower Egypt, Asia Minor, Persia, India, Mexico, Cuba.

May

Continuation of upward price trend for May wheat is probable during this month.

Avoid going short of delivery months.

Government report on condition of winter wheat.

Montreal and St. Petersburg navigation opens.

Harvest in Texas and Florida, Central Asia, China, Japan, Algeria and Morocco.

June

Wheat market likely to be dominated by bears.

Government report on acreage and condition of Winter and Spring wheat.

First Winter wheat arrives at Chicago.

Drought a danger.

Harvest in California, Louisiana, Mississippi, Georgia, Carolinas, Tennessee, Virginia, Kentucky, Kansas, Arkansas, Utah, Missouri, Southern France, Spain, Portugal, Greece, Italy.

July

Wheat year begins, i. e., old crop becomes history, new crop is today's life.

Rust in Northwest due to excessive rain.

First Winter wheat reaches Southwestern market.

First Spring wheat arrives at Chicago.

Government report on average condition of Winter and Spring wheat, and quantity of wheat on farms.

Harvest in Nebraska, Minnesota, Wisconsin, Colorado, Oregon, Washington, Iowa, Illinois, Indiana, Michigan, Ohio, New York, New England, Canada, England, Germany, France, Austria, Roumania, Bulgaria, Southern Russia.

August

Forestall coming Spring wheat crop's effect.

Government report on average condition of Spring wheat.

Argentine seeding begins.

Harvest in Canada, Great Britain, Belgium, Holland, Denmark, Poland.

September

Expect autumn low point for May wheat, but this may not come until November.

Spring wheat reaches northern markets.

First killing frosts may appear.

American terminal elevators fill.

Winter wheat seeding begins.

Sowing in India.

Government report on average condition of Spring wheat.

Harvest in north of Russia, Scotland, Sweden, Norway.

October

An active month for trading on both bear and bull swings.

Government report on average yield per acre.

Heavy weekly exports begin.

Growing season over—watch handling of crop.

Argentine crop being made.

Total visible approaches high point unless old stock were very low, in which case figures of visible, in spite of heavy receipts, can not gain on milling consumption.

Harvest in northern Russia and Norway ends.

November

Prices usually show gain on September market quotations.

Winter wheat seeding ends and State reports thereon come out.

St Petersburg and Sea of Azoff navigation closes.

Harvest begins in Argentina, Peru and South Africa.

December

About the 15th comes final government estimate

on all grain for past year; about the 17th, first estimate of new crop acreage and condition.

Navigation, Montreal and North American lakes closes; Russian Baltic ports may close.

Wheat reserved by farmers to this date may be damaged article and can then not be counted among invisible supplies. Harvest in Argentina and Burmah.

Watch the Market Leaders to Become One

The day's wheat news is usually sprinkled with names of men and firms whose activity is recognized as possessing more or less influence on prices. A knowledge of these human factors can never be complete for they are constantly changing, yet some acquaintance with the market leaders is essential to a comprehension of the ticker's story.

This does not imply that a small trader should make a practice of *Tailing On*—blindly following the lead of heavy commitments which according to rumor indicate the judgment of big interests. The latter will more likely hide their movements as much as possible until such time as they *want* the public to Think it has learned something. The smaller trader who wishes to grow, does his own thinking, estimating general news at its hidden, not obvious, value; he makes commitments which take advantage of widely published movements without necessarily going in the same direction.

Study the names of influential traders and firms as these appear in daily newspaper financial columns. When the wheat business becomes Your business and you learn to understand its every feature, you are on the road to wheat success.

THE END

The Most Important Factor in Trading or Investing is a Knowledge of

The Trend

It is better to know which way the general market is likely to swing than to know earnings, dividends or fundamentals.

The tape gives very definite indications as to the immediate future.

Our Trend Letter, written from the tape, contains this information.

Issued every Thursday with additional special letters whenever a change occurs. Condensed "collect" night letter given by wire to distant subscribers without additional charge.

Write TODAY for samples, terms and record of results.

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